GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:1960
ANSWERED ON:13.03.2008
PREFERENCE TO SICK PSUs
Mondal Shri Abu Ayes

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether the Government has asked all the departments to give preference to sick public sector undertakings(PSUs) while placing orders;

(b) if so, the details thereof; and

(c) the extent to which the sick PSUs are likely to be benefited?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI SONTOSH MOHAN DEV)

(a) and (b): The Government of India introduced the Purchase Preference Policy in January, 1992 replacing the earlier Policy of Price Preference in Central Public Sector Enterprises (CPSEs) (including sick CPSEs). The new policy was initially made applicable for a period of three years. It has been subsequently reviewed time and again, and further extended (with or without certain modifications). In June, 2005, the Government decided to extend the policy with certain modifications for a period of three years beyond 31.3.2005. The Government also decided that the purchase preference policy will be terminated with effect from 31,3.2008.

Furthermore,in pursuance to the order dated 18.5.2007 of the Supreme Court of India in the case of M/s Caterpillar India Limited V/S Western Coalfields Limited,the Government reviewed the policy further on 25.10.2007 and decided to reiterate its earlier decision that the policy will be terminated w.e.f. 31.3.2008.

(c) : The Department of Chemicals and Petrochemicals has evolved a Purchase Preference Folicy(PPF) in August,2000, which is applicable to the purchases made by the Ministries/ Departments, PSEs, Autonomous Bodies etc. in respect of a maximum of 102 medicines manufactured by the Pharma Central Public Sector Enterprises (CPSEs) and their subsidiaries. Further, the Government while reiterating in October, 2007 that the purchase preference policy for products and services of CPSEs will be terminated w.e.f. 31.3.2008, also decided that the concerned Ministries/Departments may independently evolve sector specific Preferential policies. Moreover, the Government has been taking measures for revival/rehabilitation of sick and loss making CPSEs. A Board for Reconstruction of Public Sector Enterprises (BRPSE) has also been set up in December, 2004 inter alia to consider the cases of sick and loss making CPSEs and make appropriate recommendations to the Government for their revival/restructuring. Based on the recommendations of the BRPSE, the Government has approved the revival cases of 28 CPSEs.